



# **PRESS RELEASE**

## **House National Security Committee**

### **Floyd D. Spence, Chairman**

**FOR IMMEDIATE RELEASE**  
June 17, 1997

CONTACT: Maureen Cragin  
Ryan Vaart  
(202) 225-2539

#### **STATEMENT OF CHAIRMAN FLOYD SPENCE**

#### **FULL COMMITTEE HEARING ON H.R. 1778,**

#### **THE DEFENSE REFORM ACT OF 1997**

*Tuesday, June 17, 1997*

This morning, the committee meets again on the issue of defense reform to receive testimony on H.R. 1778, the Defense Reform Act of 1997. This legislation was introduced two weeks ago and was reported out of committee last week.

The imperative to reform how the Department of Defense conducts its business has never been greater. Defense spending has suffered real decline for 13 consecutive years. At the same time, the Department of Defense is facing billions of dollars in readiness, quality of life and modernization shortfalls. In this context, reforming the Department's bureaucracy and the manner in which it conducts its business goes beyond just making the Department more efficient — it may represent the only viable option for retaining an adequate level of combat capability into the future.

Much of H.R. 1778 builds on past committee initiatives to reform the Department of Defense, and it contains a number of organizational, business practice, and policy reforms intended to compel the Department of Defense to operate more efficiently. According to the Congressional Budget Office, just the provisions of H.R. 1778 dealing with downsizing the bureaucracy will save \$15.5 billion over the next five years, and \$5 billion per year thereafter. This does not include any savings resulting from the various business practice and acquisition reforms contained in the bill. It is real reform with the promise of real savings.

As I noted during full committee mark-up last week, this legislation proposes action on several fronts. First, it addresses workforce reductions. Over the past several years, the committee has focused attention on the disproportionate size of the workforce assigned to the Office of the Secretary of Defense, headquarters staff and acquisition organizations.

Second, the bill also recognizes that there are many commercial functions which are currently performed by the Department which are neither inherently governmental nor directly related to the warfighting mission. Accordingly, H.R. 1778 imposes business practice reforms by mandating that a number of commercial activities

of the Department, such as finance and accounting, information services, and property disposal, be competitively procured. It does not mandate privatization, just competition. And, in recognition of the fact that the private sector is not always more cost-effective than the public sector, the bill ensures that the existing workforce will be able to compete.

H.R. 1778 also addresses modest, but long overdue, environmental reforms. Notwithstanding the fact that the defense budget contains approximately \$12 billion each year to pay for clean-up costs of the Departments of Defense and Energy, actual clean-up is proceeding far too slowly and inefficiently. H.R. 1778 amends Superfund, and other environmental laws, to provide more rationality and efficiency in the defense environmental clean-up effort, while still ensuring protection of human health and the environment.

However, in order to simplify the political landscape, let me state that it is my intention to separate the environmental provisions from the more traditional defense reform provisions in H.R. 1778, and to ask the Rules Committee to consider the environmental provisions as a separate amendment. Because these environmental provisions fall within the primary jurisdiction of the Commerce and Transportation committees, whether or not they are made in order is a matter that will have to be decided at the Leadership level in the Rules Committee. I also believe that separating out the environmental provisions will keep the obvious controversy that surround them from spilling over into the defense organizational and business practice reforms.

I recognize that the Department of Defense is beginning to appreciate the imperative to reform how it operates and I commend Secretary Cohen for apparently looking seriously at defense reform. However, the results of Secretary Cohen's review will not be known until late in the year – and I do not believe that Congress can or should wait.

As I indicated during mark-up last week, nothing in this bill should hamper Secretary Cohen's efforts. Rather, H.R. 1778 should provide impetus for any reforms under consideration by the Secretary.

Today's witnesses will appear before us in three panels. This first panel will consist of:

- Dr. John Hamre, Undersecretary of Defense
- Noel Longuemare, Acting Undersecretary of Defense for Acquisition and Technology
- Sherri Goodman, Deputy Undersecretary of Defense for Environmental Security

The second panel, which will focus on infrastructure and business practice reform, consists of:

- Mr. Butch Hinton, Assistant Comptroller General, General Accounting Office
- Dr. Dov Zakheim, CEO, SPC International Corporation (former Deputy Undersecretary of Defense for Planning and Resources)
- Mr. John N. Sturdivant, President, American Federation of Government Employees (AFL-CIO)

The third panel will focus on environmental issues and consist of:

- Gail Norton, Attorney General, State of Colorado
- Mr. John Spisak, President and CEO, Terranext Corporation, Lakewood, CO
- Larry Hourcle, Associate Professor of Environmental Law and Director of Environmental Law Programs, George Washington University National Law Center